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## Canada

### Agricultural Situation

### Bill C-264, An Act for the Recognition and Promotion of Supply Management

**2004**

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**Report Highlights:**

Bill C-264, An Act for the recognition and promotion of agricultural supply management, was introduced into the House of Commons on November 4, 2004. If passed without amendments, the bill would put into law a commitment by the Government of Canada to protect supply management, including at the WTO talks in Geneva. Not only could this bill have a significant effect on the trade front, but also it could have large political implications on the domestic front. The additional impact on Canadian agriculture could be significant.

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Includes PSD Changes: No  
Includes Trade Matrix: No  
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[CA]

## INTRODUCTION

On November 4, 2004, Lynn Myers, Liberal Member of Parliament for Kitchner-Wilmot-Wellesley-Woolwich, introduced Private Members' Bill C-264, An Act For The Recognition and Promotion of Agricultural Supply Management. Mr. Myers is a long-time supporter of Canada's supply management system and is the founder of the Liberal Dairy Caucus and the currently serves as its co-chair. Through the introduction of bill C-264, Mr. Myers is attempting to entrench into law the protection and maintenance of Canada's supply management system.

## BACKGROUND

As the trade talks at the World Trade Organization (WTO) continue to progress, producers who operate under the Canada's supply management system have become increasingly concerned that Canada's federal government may negotiate a trade deal that would compromise the supply management system. Therefore, groups like the Dairy Farmers of Canada (DFC) have engaged in an aggressive campaign over the last several months to ensure continued support by Members of Parliament from all political parties for supply management. Bill C-264 is the most recent step to accomplish this goal.

During the federal election in June, the DFC produced a document entitled "A Declaration of Support for Maintaining Supply Management, a Fair Agricultural Model" and presented this document to members of all the major political parties in Canada. By signing the declaration, members would commit themselves to supporting the maintenance of supply management and to personally get involved so that at the end of the WTO negotiations supply management would remain viable. The DFC was successful in getting the leaders of all four federal parties (the Liberal Party of Canada, the Bloc Quebecois, the New Democratic Party and the Conservative Party of Canada) to sign the declaration, thereby agreeing to the conditions set forth in it. A further boost to the DFC's campaign was the public declaration from all four leaders that supply management was an effective system and that they and their parties are committed to fight for the three pillars necessary to maintain supply management. The DFC was also successful in obtaining the signatures of over 115 candidates from across the country, from all four parties, during the election.

In order to become a law in Canada, a bill must pass through several steps. The first is the introduction of the bill by a Member of Parliament into the House of Commons. The introduction of a bill is considered the bill's first reading and a majority of the time, a bill is automatically passed on first reading. A bill then moves onto second reading, which involves a debate and vote on the principles of the bill. If the bill is passed on second reading, it is referred to a House of Commons committee, which would be responsible for this particular piece of legislation. In the case of Bill C-264, the Standing Committee on Agriculture and Agri-Food would be responsible. The Committee will hold hearings, debate the content of a bill and if necessary will make amendments. Once the committee stage is done, the bill is sent back to the House of Commons for the third and final reading. During the third reading, the bill is again debated and if there are any amendments, both the amendments and the bill are voted on. As Bill C-264 is a private members' bill, Members of Parliament are allowed a free vote, which means an MP can vote any way they choose and are not required to follow party lines. Once a bill passes the House of Commons, it moves onto the Senate, where it must go through similar steps. Once the Senate passes the bill it is given Royal Assent by the Governor General of Canada and is proclaimed into law.

## IMPLICATIONS OF BILL C-264

There are two possible scenarios that can occur with Bill C-264. The first scenario would have the bill return to the House of Commons from the Standing Committee on Agriculture and Agri-Food with no amendments to the content and then passed in the House of Commons and the Senate. The second scenario would have the contents of the bill amended by the members of Standing Committee on Agriculture and Agri-Food and then passed by both the House of Commons and the Senate. Changes to the bill may come from political pressure inside the Liberal Government Cabinet, as it may be seen that the bill could impede the government's ability to negotiate a trade agreement that would be beneficial to all the commodities of agriculture in Canada. It is less likely that changes to the bill would be as result of pressure from the various Canadian farm groups. The reason for this is that many of the farm groups may be reluctant to engage in a debate that would pit them publicly against supply management. Many of these organizations contain members from Quebec, who themselves may not

be a part of the supply management system, but strongly support the maintenance of supply management.

If the bill is passed under the first scenario, the implications on both the domestic and the trade front could be significant.

### **International/Trade Implications**

If the bill is passed under the first scenario, it could severely hamper the Canadian government's ability to negotiate at the current WTO talks. Canada is currently trying to balance its position between the interests of groups like the Canadian Agri-Food Trade Alliance, who want to see significant trade liberalization, and groups like the Canadian Wheat Board (CWB) and Supply Management groups (commonly referred to as SM-5), who are more concerned with maintaining the status quo. Both SM-5 and the CWB are concerned that any trade deal negotiated at the WTO could mean the end of their systems. Passing Bill C -264 into law would force the government into a very precarious position. As one of the few countries that are against lowering over-quota tariffs, would this then mean the government of Canada could not sign an agreement that would reduce over-quota tariffs? Or would the Canadian government sign an agreement that would lead to increased trade liberalization, even if it meant they would be signing an agreement that would be against Canadian law? Would the ruling Liberal Party be willing to risk the political backlash this would create? If this bill were passed into law, would this then mean the government of Canada would alter its negotiating position to only fight for the maintenance of over-quota tariffs to protect supply management and abandon their push for increased trade liberalization? Is the government of Canada prepared to be left out of the negotiations in order to defend supply management? There are many more questions that would come forward if Bill C -264 were passed in its current form into law. Canada cannot afford to be left on the sidelines at this round of trade talks, but passing Bill C -264 could threaten Canada's ability to be an effective negotiator and leave Canada in the position of watching from the outside as the rest of the world brokers a deal, resulting in Canada being forced to sign a trade deal it may not agree with. There is the recognition within the Canadian government that it is imperative that Canada be present at the negotiating tables in Geneva, but how would that be possible with both hands tied as a result of this new law?

### **Domestic Implications**

If Bill C-264 comes back to the House of Commons for third reading without any amendments, it will put a lot of political pressure on MPs, especially those who signed the DFC's declaration and have submitted the DFC's petitions in the House of Commons. By bringing Bill C -264 before Parliament for a free vote, it will force all of the MPs who have openly stated they support supply management to publicly stand behind what they have said. It will also put those who don't support supply management, but feel they must support the policy their party has put forward, in a tight position of trying to decide what the best course of action is to take. Do they vote with their party even if they don't support supply management, or do they vote with their convictions and risk damaging any gains their party may have made in Ontario and Quebec. All the parties have publicly stated that they support supply management and all parties want to make political inroads in Quebec and Ontario. This is especially true for the Conservative Party of Canada and the New Democratic Party. By publicly declaring their support for supply management, both parties are hoping to establish a foothold into seat-dense Ontario and Quebec, the two provinces that not only hold the balance of power in Canadian politics, but also have a majority of dairy producers. A free vote on Bill C -264 as it is currently written is especially tough for members of the Conservative Party of Canada. The reason for this is that the Conservative Party of Canada was created from the merger of the Canadian Alliance and the Progressive Conservative Party of Canada. The Canadian Alliance was formed from the Reform Party of Canada. The Reform Party of Canada's original platform called for the elimination of supply management. As the party evolved, its policy regarding supply management evolved as well. By the time the Reform Party became the Canadian Alliance, their policy on supply management stated that the party supported the producers who operated under the supply management system and the party would ensure the viability of those producers, even if a trade agreement was signed that would end supply management. This would be accomplished by ensuring that there was an adequate transition period for the supply management producers in order for them to adjust. The Progressive Conservative Party's policy was that they supported supply management. When the Canadian Alliance and Progressive Conservative Party merged, the new Conservative Party of Canada took the position of

supporting supply management, despite many members of the party still being of the older Reform party mindset.

A free vote in House of Commons on Bill C -264 would clearly highlight a party's support or lack thereof for Canada's supply management system. The DFC is a very vocal, active and influential farm group. The DFC will use the opportunity of a vote on Bill C -264 to remind MPs and political parties alike of the commitment they have made to protect supply management. If MPs, who have previously committed to protecting supply management, vote against C -264, there could be severe political repercussions.

## CONCLUSION

Bill C-264 is the ultimate form of politicking and a very smart political move by the Dairy Farmers of Canada to protect supply management. This is a bill that may leave an imprint on Canada's agricultural scene, and may have a great influence on Canada's ability to negotiate an effective trade deal at the WTO. Despite only being a Private Members' Bill, the overall implications of C-264 may be great.

For a copy of Bill C-264, please go to [www.parl.gc.ca/common/Bills\\_House\\_Private.asp?Language=E&Parl=38&Ses=1#C-264](http://www.parl.gc.ca/common/Bills_House_Private.asp?Language=E&Parl=38&Ses=1#C-264)

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